EXHIBIT 1

CHUBB®

Chubb Limited Annual Report 2016

Financial Summary

In millions of U.S. dollars
except per share data and ratios

	Year Ended Dec. 31, 2016	ACE Limited Year Ended Dec. 31, 2015	Percentage Change	Percentage Change Constant Dollars
Gross premiums written	$34,983	$23,811	46.9%	49.7%
Net premiums written	28,145	17,713	58.9%	62.3%
Net premiums earned	28,749	17,213	67.0%	70.3%
P&C combined ratio	88.7%	87.4%	NM	
Operating income	4,716	3,210	46.9%	48.6%
Net income	4,135	2,834	45.9%	
Diluted earnings per share - net income	8.87	8.62	2.9%	
Diluted earnings per share - operating income	10.12	9.76	3.7%	4.9%
Total investments	99,094	66,251	49.6%	
Total assets	159,786	102,306	56.2%	
Shareholders' equity	48,275	29,135	65.7%	
Book value per share	103.60	89.77	15.4%	
Tangible book value per share	60.64	72.25	(16.1)%	
Operating return on equity	10.5%	11.5%	NM	

This document contains non-GAAP financial measures. Refer to pages 42-43 for reconciliations to the most directly comparable GAAP measures.

NM-not meaningful

Evan G. Greenberg
Chairman and Chief Executive Officer
Chubb Limited/Chubb Group

2016 was a year of great accomplishment for Chubb. We completed the largest merger in insurance history and integrated two complementary insurance organizations, ACE Limited and The Chubb Corporation, transforming ourselves into the highest quality and largest publicly traded property and casualty insurer in the world. In doing so, we furthered our long-term strategic objectives to grow and diversify our business by adding to our product, talent and distribution capabilities, which, managed right, will generate substantial shareholder value well into the future. At the same time, we didn't take our eye off the ball and continued to run our business with discipline and at the high service standards our customers and distribution partners expect of us. We produced strong financial results as measured by earnings – in fact, record operating EPS – P&C combined ratio, book and tangible book value growth, and operating ROE. We achieved all of our first-year merger-related financial goals, and we set the course to harness the power of the organization globally. In spite of an unpredictable global environment and a difficult insurance market, we concluded the year with optimism about '17 and beyond – this organization is energized. We're in a long-term business and we are builders, and as far as I'm concerned, in many ways, we're just getting started.

Let me start with a quick snapshot of our company today. Chubb is the world's largest P&C insurer as measured by market cap of over $64 billion at the time of this writing. We write gross premiums of approximately $35 billion, 65% of which come from commercial property and casualty (P&C) lines with 35% from consumer lines. We have an exceptionally broad product range and are global leaders in many lines of business such as financial lines, including directors and officers (D&O) and errors and omissions (E&O) coverage for companies; risk management-related primary casualty products and services designed to help large insureds manage their workers' compensation, general liability and automobile liability risks; personal accident and supplemental health insurance (A&H) for consumers; and, in the United States, personal lines for high net worth customers and crop insurance for farmers. We serve businesses of all sizes, from industrial commercial to mid-market to small companies, with a range of traditional and specialty coverages. For individuals and families, our consumer-focused offerings range from property, liability-related and specialty personal lines coverage to accident and health plans and life insurance. We are a truly global insurer – one of only a few in the world – with substantial local capabilities and expertise in 54 countries. About 63% of our business is based in the U.S., up from about 50% pre-merger. Our products and services are distributed through brokers, independent agents, exclusive agents and various forms of direct marketing. With $62 billion in total capital and $48 billion in equity, our balance sheet is backed by ratings of AA from S&P and A++ from A.M. Best.

Last year our company faced a challenging external operating environment alongside the significant scope of our merger-related integration activities. Global economic growth was tepid as emerging and natural resources-based economies continued to feel the impact of the collapse in commodity prices and China's slowdown. For most of the year, the dollar strengthened from a flight to safety while interest rates remained at

historically low levels, the product of monetary policy that contributed to the misallocation of capital and asset inflation while punishing long-term savers of all kinds including insurance companies. At year-end, interest rates and equity markets in the U.S. rose following the election in anticipation of pro-growth policies. Geopolitical conditions remained tense in most regions of the world while uncertainty increased as a wave of populism and growing nationalism began to spread across the globe, fueled by people's fear and dissatisfaction with the status quo. Voters in the U.S., Europe and Asia made surprising and often unexpected choices in their countries' leadership.

In the P&C industry, insurance prices, terms and conditions continued to soften globally despite deteriorating operating results as more capital continued to accumulate from retained earnings and investors seeking returns. With underwriting margins and investment income under increasing pressure, it was no surprise that industry operating earnings were down 19% on average.

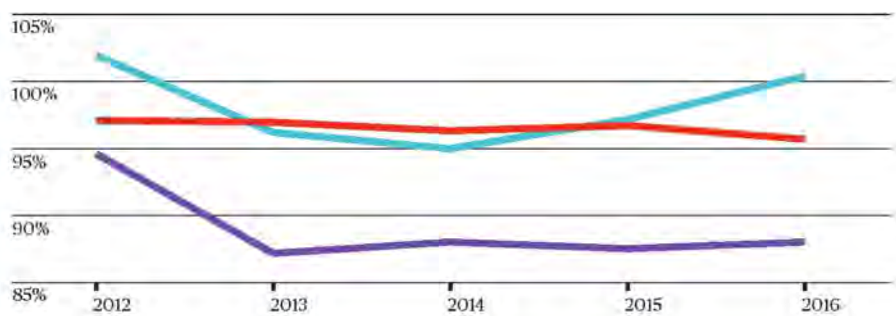
While the environment was difficult, Chubb outperformed. Our product portfolio construction, underwriting and performance-based culture, and geographic and distribution reach made the difference. Chubb's operating income was $4.7 billion for the year or $10.12 per share, up about 3.5% from 2015. We grew book value per share, a primary measure of wealth creation for our shareholders, about 15.5%, which of course was impacted positively by the shares we issued for the merger. From the date of the merger closing to year-end, per share book value grew 7.5%. Tangible book value per share, which was down just over 29% at the merger closing as expected, grew 13 percentage points from that point to year-end. We produced an operating ROE of 10.5%, which is a very good risk-adjusted return, given risk-free rates of less than 2% during the year, and compares favorably to our cost of capital of about 8.5% and the industry's 7.3% average operating ROE. Please take note that when I discuss our underwriting results and premium growth, and to give you greater visibility into the health of the company, I will compare our results to the prior year as if we were one company back then and exclude the effects of purchase accounting. Frankly, this is how, as a manager, I look at the company's performance.

Chubb is an underwriting company and we measure ourselves first by underwriting profit and combined ratio. Last year we produced $3.2 billion of pre-tax P&C underwriting income and generated a combined ratio of 88%, compared to 87.5% prior year. This was an excellent result on both an absolute basis and relative to our North American and global peer groups' average combined ratios of 100.3% and 95.7%, respectively. Our underwriting result was achieved despite the industry experiencing approximately

P&C Combined Ratio versus Peers

The company's P&C underwriting results outperformed the averages of North American and global peers over the last five years.

[1] Includes AIG, CNA, HIG, TRV, XL
[2] Includes Allianz, AXA, Munich Re, QBE, RSA, Zurich
[3] Historical combined ratios as if ACE and Chubb Corp were one company. Refer to page 42.
Source: SNL and company disclosures



Averages:	1 year	3 year	5 year
North American Peers[1]	100.3%	97.4%	98.0%
Global Peers[2]	95.7%	96.2%	96.5%
Chubb[3]	88.0%	87.8%	89.0%

$54 billion in natural catastrophe (CAT) losses, its sixth costliest year on record, which was double the prior year's reported $27 billion and above the inflation-adjusted 10-year average of $45 billion. Chubb's natural CAT losses in 2016 were $1.1 billion pre-tax, up from the prior year's $848 million. Our prudent approach to underwriting management also shows up in the positive development of our loss reserves for the business we wrote in prior years. Last year we recorded a total of $1.1 billion in pre-tax positive earnings from reserve releases.

On the other side of the balance sheet, our pre-tax adjusted net investment income of $3.3 billion for the year was a very good result, particularly given the record low interest rate environment, and benefited from cash contributions to the portfolio of over $2 billion. For the year, our investment portfolio generated an average book yield of 3.4% versus new money rates of about 2.4%, which had risen to 2.8% by December 31. As part of our merger efforts, we integrated and rebalanced the investment portfolio with a focus on improved portfolio construction and enhanced returns at lower cost. We are now earning $120 million more in annual investment income than we otherwise would have earned. As a reminder, our invested assets of $99 billion are comprised of shareholder capital and the loss reserves we hold to pay policyholder claims. We are fiduciaries of shareholder and policyholder money, and therefore conservative investors. We take most of our risk on the liability side of the balance sheet, with our capital leveraged against insurance risk exposure.

Premium revenue growth was more difficult to come by last year, driven by a number of factors: a strong U.S. dollar, sluggish economic conditions, particularly outside the U.S., an especially competitive commercial P&C insurance market, and merger dynamics. Total company net premiums written for the year were $29 billion, down about 4.5%, again, as if we were one company in both '15 and '16. This includes a two-point negative impact from foreign exchange. As I discussed throughout the year on our quarterly earnings calls, when we were planning the merger, we contemplated underwriting actions in certain portfolios not meeting our standards or exceeding our risk appetite. These actions, which include either cancelling or reinsuring certain business, reduced our premium by 2% but improved our risk-reward profile. If we normalize for these underwriting actions, total company net premiums were down less than 1% in constant dollars. The impact from these actions will continue into 2017 at a reduced level and will dissipate as the year goes along. Consequently, given opportunity we see globally, we expect revenue to grow in '17 in constant dollars. I simply cannot forecast foreign exchange for you. While we wrote less new business in 2016, we retained our customers at or near historically high levels. By the way, we also began to recognize the power of the organization and produced about $300 million in revenue synergies, which we believe is just the beginning of what's to come over time.

"While the environment was difficult, Chubb outperformed. Our product portfolio construction, underwriting and performance-based culture, and geographic and distribution reach made the difference."

Doing our job well leads to shareholder value while serving society

Creating long-term shareholder value, in my judgment, is a derivative of doing the job of building and running our company well. It begins with clearly stated priorities for our organization, both short and long term. We have three such objectives. The first is to unify our company operationally and culturally and complete the merger integration. The second is to unlock the power of Chubb and fully realize the complementary strengths that each company brought to the merger – our potential is stunning. And the third is to continually invest in our capabilities to enhance our competitive profile. By meeting these objectives – and I'll talk more about them throughout this letter – we capitalize on opportunity to grow; we realize efficiencies while reinvesting in our knowledge, technology and innovation to remain vital to society and to serve our customers and distribution partners; and we create a great place for our employees to work. If we do all of those things right, we will generate superior returns for our shareholders.

No matter how you measure them or over almost any period you measure them, Chubb's shareholder returns have been top-tier. As I have stated many times before, we are a growth company and we measure ourselves by growth in book value over the medium and long term. Relative to our peers over the past 10 years, we have grown our per share book value at the highest level and have done so by growing the company, not shrinking it through an excessive reliance on share buybacks at the expense of long-term investment in our capabilities. Our book value has more than tripled in the last 10 years (from $14.3 billion to $48.3 billion) and has grown at a compound annual rate of 13.0%; over the past three and five years, it has grown 18.8% and 14.7%, respectively.

Efficient Use of Capital

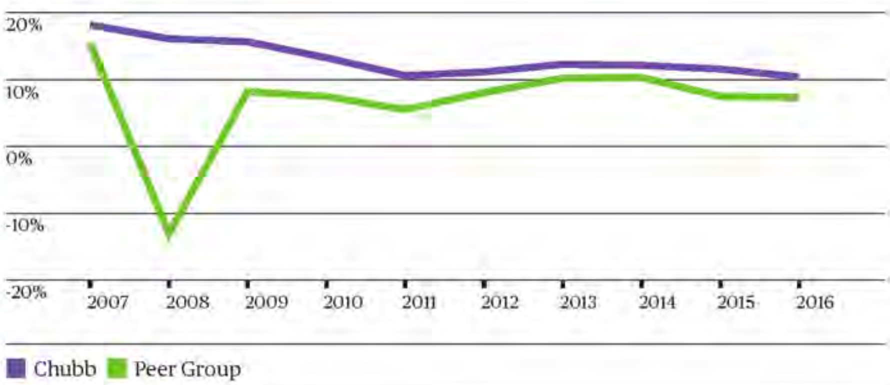
$58 Billion of Capital Generated: January 2007 – December 2016

Operating Return on Equity versus Peers

Chubb's operating return on equity* has outperformed the average of its peers over the last decade. Chubb's 10-year average is 13.1% versus 6.6% for its peers.

Peer group includes AIG, CNA, HIG, TRV, XL and Zurich

*Excludes net unrealized gains



We have been good stewards of shareholder capital. As the chart nearby illustrates, over the 10-year period, out of a total of $58 billion in capital raised and generated, we have retained and invested $48 billion. We have invested $36 billion in strategic acquisitions that have enhanced our capabilities and earning power, retained $12 billion for risk and growth, and returned $10 billion to shareholders – $6.5 billion through dividends and $3.5 billion through share repurchases. We have used this capital efficiently as illustrated by an operating ROE of 13.1% over the same 10-year period, which is 650 basis points better than our peers and well in excess of our cost of capital. Our capital management strategy has been clear and consistent. We retain capital flexibility for risk and growth, and use M&A only when it enhances a strategy we are already pursuing organically and generates superior returns. We return the additional capital surplus we generate. In addition, we have maintained a 20-plus year record of annual dividend increases with a target payout ratio of approximately 30%.

As I explained in my letter last year, our company's earning power is a derivative of our strategy, including the careful construction of our product portfolio and geographic mix, the size and strength of our balance sheet, and the quality and character of our culture and people. These are, in my mind, the most important factors that drive long-term sustainable book and tangible book value growth. Together with ROE, book and tangible book value growth ultimately find their way into the share price and underpin total return. The 15.6% total return on Chubb's common stock in 2016, which includes share price appreciation with dividends reinvested, compares favorably with the 12% return for the S&P 500. To provide some perspective, Chubb has produced a total return of 37.9% and 174.6%, respectively, for the three- and 10-year periods, with the latter outperforming our peers by a factor of seven. By the way, over the 10-year period, our market cap, which is a reflection of our balance sheet and earning power, has more than tripled.

Integration objectives on track or ahead of schedule

Among the noteworthy accomplishments of 2016, and the first objective I mentioned earlier, was the transformational global integration of two large companies, realizing significant efficiencies while remaining outward facing and growing our business. Although more work remains, a substantial portion of the heavy lifting is moving behind us and will continue to do so as '17 progresses. We planned our integration for over six months leading into 2016 and executed it as an entirely separate job from managing our day-to-day business. We hit the ground running when we closed the transaction in mid-January with the entire management team and operating leaders around the world in place and with detailed integration plans in hand. It was then a matter of granular, hands-on operational execution across the company – from underwriting and claims, to real estate and IT, to finance and HR.

"Today, there is a strong and growing sense of unity in the company. Through shared experiences, small and large, we have and will continue to knit ourselves together, breeding familiarity that in time creates trust, loyalty, friendship and a one-team spirit."

We also paid very close attention to cultural integration from the very beginning and continue to have an ongoing focus on our culture. Today, there is a strong and growing sense of unity in the company. Through shared experiences, small and large, we have and will continue to knit ourselves together, breeding familiarity that in time creates trust, loyalty, friendship and a one-team spirit. We don't overly talk about and contemplate our culture except to the extent we all need to be on the same page. Instead, we prefer to simply live our culture.

In terms of financial measures, and as the table nearby illustrates, while early days, we are on track or ahead of the objectives underpinning the merger. These include expense savings, operating EPS and ROE, and per share book value. Importantly, where we said the merger would be immediately accretive to earnings and book value per share, we are ahead of our own internal projections as well as what likely would have been our plans on a standalone ACE Limited basis. So, we're off to a good start. Also worth noting, tangible book value per share, which, as I mentioned earlier, was down over 29% at the merger closing as expected, was down 16% at year-end.

Despite the magnitude of the integration effort, we remained attentive to identifying opportunities for growth and serving our customers and distribution partners. In particular, our goal was to retain our customers, which, as I mentioned earlier, we did at or near historically high levels – 92% in our North American large account commercial P&C business, 88% in our middle market commercial business, about 85% with our international customers, and 94% with our personal lines customers in North America. With minimal disruption and our attention fixed on remaining vital and serving their needs, the merger has been well received in the marketplace by our customers, agents and brokers.

The power of the organization

From day one, we were intently focused on the second objective – the multiyear task of unleashing the power of Chubb as we realize the complementary strengths of the company. In general, there are two classes of insurers: those with broad capabilities and reach to serve customers, i.e., the buyers, on a very local basis; and those that simply provide capacity. We are the former, and we do it in 54 countries, putting us in an even smaller class of insurers. Moreover, as the industry continues to evolve globally and keeps pace with

Progress Meeting the Merger's Financial Objectives

Metric	Announcement	Current Status
Total annualized run-rate savings by the end of 2018	$650 million ($610 million on an FX-adjusted basis)	$800 million
Operating earnings per share	Immediately accretive	Ahead of plan by 9.4%
Operating ROE	Accretive by year 3	Better than plan by 60 bps
Book value per share	Immediately accretive	Ahead of plan by 5.8%
Tangible book value per share	Return to pre-deal level in about 3 years	On track to hit pre-deal level in 3 to 3½ years

the digitization of all things business, those in the first class that are heads-up, in my judgment, will be winners.

Our company is well positioned to achieve growth even in the face of today's challenging P&C market conditions. Over 60% of our revenue comes from business lines that have moderate-to-significant growth opportunity in spite of current market conditions and include many of our consumer businesses and those serving middle market and small commercial customers globally. These businesses, while not immune, are less impacted to varying degrees by the P&C insurance cycle. Our large commercial and wholesale market P&C businesses globally, representing about 40% of our revenue, enjoy a flight-to-quality and reliability advantage as they provide a breadth of offering, superior service and know-how, underwriting reputation, local operations around the globe, and a combination of quality, consistency and stability few other insurers can – and this provides additional balance against market conditions. Our diversification by product, territory and customer not only presents an opportunity for above-average growth but also better preserves margins throughout the P&C cycle for superior returns with less volatility. However, we will trade revenue growth to preserve a reasonable underwriting margin in a heartbeat.

There's plenty of room for long-term growth in our company considering the P&C industry is expected to grow from $2 trillion to $3.7 trillion by 2025. In fact, the top 10 insurers in the world combined have only about 20% market share, so insurance is a very fragmented industry. With less than $40 billion in gross premiums, Chubb represents about 1.5% of the world's total global P&C market, so we have considerable scope to capitalize on the industry's growth given our global footprint and the fact that we have just 11 countries with $400 million of premium or greater. Selective, thoughtful growth over time is the key – something all of us in management are focused on and, frankly, enjoy spending our time pursuing. And by the way, this company is led by underwriters – all of us are experienced and knowledgeable about the basic business we are in.

To drive that growth, we have many existing and new initiatives underway in both our commercial and consumer businesses. In our commercial P&C business globally, for example, we see opportunity to grow our presence in the middle market and small commercial segments. An $8.6 billion business today, our middle market and small commercial operation is a powerful combination of complementary strengths from two companies – brand, experience, know-how and data in the core middle market, including products, agency distribution and U.S. geographic presence, paired with specialty products, global geographic presence, deep local insights and strong international operating experience, and an appetite to invest in technology and other areas.

"Our diversification by product, territory and customer not only provides an opportunity for above-average growth but also better preserves margins throughout the P&C cycle for superior returns with less volatility."

Another growth area over time is our global accounts and specialty products business for large corporations, roughly a $12.6 billion business for us globally. Only a few carriers have the resources to properly serve the sophisticated needs of large and multinational corporations with complex, interconnected risks. Some competitors are cutting back on their local presence and product offering around the globe, not investing in their service and losing their talent and culture. Chubb stands out in contrast. We have the balance sheet capacity to take on substantial risk, a truly global network, international underwriting and claims professionals, products, technology and risk-related consulting services to serve these customers. We continue to invest in our capabilities, including our unique online portal, which allows multinational risk managers to monitor and manage their entire global program in real time. Our extensive offerings for this segment come into play as more and more middle market companies engage in cross-border business or extend their supply chains around the globe.

Financial lines is a $3.7 billion business for us globally and the largest in the world. We see good growth opportunity over time in both North America and in our international regions. We tackle the most complex risks for companies of all sizes, from large publicly traded corporations to mid-market and private companies, and we also have expertise in the risks related to M&A transactions. A major growth area for us globally is cyber risk, a category that is evolving rapidly. All commerce is linked digitally, exposing companies to both physical loss and liability exposures, and in many instances companies don't know what to do pre- and post-loss. We've handled thousands of cyber incidents and can provide the appropriate coverage and service.

On the consumer side, we're optimistic about the growth potential over time of our U.S. high net worth customer business, a $5 billion franchise, tapping what is a large and underserved market. We estimate that less than 20% of a $40 billion market in the U.S. is properly insured. It's all about coverage and service for a sophisticated and discerning customer. We have exceptional loss control and claims services, a sterling brand reputation renowned for many years for its service quality, a deep data pool and insight into risk, a national agency force and a strong bench of talent that specializes in serving this demanding clientele. We have a strong risk appetite, the broadest product set to protect our clients and their families, and a desire to invest in and expand our product offering and services to these customers, including meeting their global coverage and service needs and enhancing their digital experience with the company. If you aren't insured with us, you are missing out. Visit chubb.com to find your nearest independent agent or call my office directly at 212-827-4489.

Two other consumer growth areas are our global A&H and international personal lines businesses, which write $4.3 billion and $2 billion in gross premiums, respectively. For Chubb, A&H remains a growth business as it continues to capitalize on secular trends such as the emergence of middle-income consumers in developing markets around the world or the underinsured middle-income market in the U.S. Our low-cost personal accident and supplemental health products provide valuable protection and are often the first insurance purchase for many of these consumers. We have extensive product know-how and specialized operations for this line of business. For example, in North America, we operate through three distinct channels – direct agents selling to individuals under the Combined Insurance brand, worksite marketing for employees of companies under the Chubb brand, and group benefits purchased by companies through brokers from our commercial P&C division. Internationally, we have a full array of options including employer-purchased group benefits, direct marketing to the customers and members of hundreds of sponsoring organizations, and agency distribution – all across the globe.

Our international personal lines business, which operates in select markets in Europe, Asia and Latin America, includes traditional products such as general-market auto in Mexico, Thailand and Malaysia, and specialty personal lines such as mobile phone replacement coverage in Europe. We are very selective how and where we operate, picking our spots where we have competitive advantage and market conditions are favorable, and where we can apply our scale and know-how to earn a reasonable underwriting profit. We can operate this way because we are true internationalists and know the world – and the world of insurance – at a very personal and local level.

Chubb's $2.2 billion agriculture insurance business in North America, which includes the leading crop insurer in the U.S. and an agribusiness serving the commercial P&C needs of farmers and ranchers, is a distinctive franchise for the company. Crop insurance is a unique CAT-like business and we bear volatility risk from weather conditions, which impact crop yields and commodity prices. We have been in the crop insurance business since the

1980s through our ownership interest in Rain and Hail – no one else comes close to our capabilities. We had a terrific year in 2016, though we've experienced both sides of volatility – years with great growing seasons and others with drought. Regardless of conditions, this has been and continues to be a good business for Chubb. We continue to invest in cutting-edge technology and analytics to improve our service and risk management capabilities as well as to gain insights from 35-plus years of data on more than 2 million farm fields. We also like the agriculture industry's profile and future prospects – crops are a leading and growing export industry for the United States.

While the complementary product and distribution strengths of the organization are impressive and offer promising growth opportunities, nowhere is the power of the organization more evident than in our people. We have the best of both organizations: skilled insurance professionals – Craftsmen of Insurance℠ – who are literally the best in the business in their disciplines and practice areas. We also have a management team with exceptional experience and depth, and who are passionate about their craft and genuinely care about what they do.

Our people stand behind the hallmark of Chubb that is shared by all of our commercial and consumer businesses, and that's our renowned service reputation. Our service ethos is embedded in our culture – it's something we feed and demand of ourselves. From underwriting to claims and engineering to customer service, Chubb professionals all across the company personify this reputation. They strive to live the brand by providing exceptional service to their customers and distribution partners, often in the most difficult or challenging circumstances where tragedies or significant losses have deeply impacted their customers' lives and companies. The Chubb service experience epitomizes craftsmanship and is the bedrock of our reputation – it defines our brand in such a tangible way and distinguishes the company across the industry in general and in the minds of our customers and business partners, who are often left with long-lasting positive impressions. Chubb service, particularly claims, is often the reason why customers choose us and are willing to pay a premium price for our coverage. We are honored by and treasure this reputation and are committed to defending and burnishing it.

Investing in our future

Our third objective is investing for the long term, and by that I mean three-to-five and 10 years out and beyond. This is not something new – we have and will continue to make substantial investments in our business. However, the significant merger efficiencies we are generating, together with our increased earning power, provide even greater operating freedom to fund investments to enhance our competitive profile.

Our first area of investment is our people. We are committed to building on our very good training programs, making them best-in-class so that we develop the next generation of insurance professionals and leaders. We hire more than 250 professional trainees per year globally and we endeavor to put all through a rigorous curriculum as they move through

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their careers. From technical expertise to management training, from sales and marketing to claims, risk engineering and actuarial – this is an investment in our future and it's contrary to what's going on in our industry, which has a diminished ability to attract young talent and develop career-oriented insurance professionals.

For example, becoming an underwriter is not simply learning how to participate in a market of auction-related pricing and terms, but rather developing deep insight into risk analysis, risk selection, risk pricing and the contracts that back them. Good underwriters and claims professionals are students of their craft, and that includes thoroughly learning the art and science of what is a highly technical and vital profession. Underwriting is not simply about data. Those who didn't grow up in the business have a tendency to mistake data analytics and digital everything as a means of replacing the role of underwriting. They view insurance in a sterile way but do so at their peril. On the other hand, the industry graveyard is littered with underwriters who made decisions based on their gut feel or years of the same experience over and over again. Analytics and digital-related technologies can enhance data-driven underwriting decision-making. Around here, we're back to the future. We are a company run by underwriters who embrace the digital age and what it has to offer.

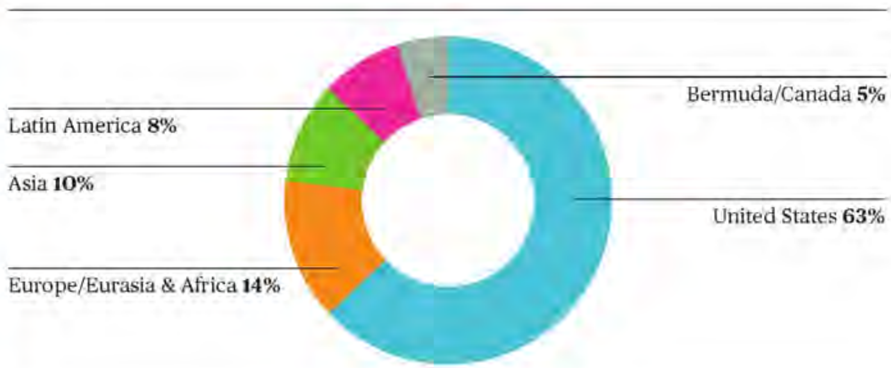
To that end, we are making substantial investments to upgrade our technology, including the foundational backbone systems from the front end to the back office of our company, to create a state-of-the-art global infrastructure with enhanced bandwidth and security. Our technology investments will make us more nimble, flexible and quick, and at lower cost. We are continuing, and in fact accelerating, our investments in our data acquisition and analytics capabilities for underwriting, claims and marketing, to name a few. Importantly, technology and digitization are changing our industry in profound ways – they are impacting our cost structure, shortening cycle times for change, improving traditional distribution competitiveness and introducing competing forms of distribution, enabling us to reach new customers we previously could not access, and redefining the nature of the product we sell.

Embracing the digital age requires investing in our digital future, and we have an objective nothing short of transforming the company into a digitally integrated enterprise from top to bottom. Chubb's vision of digital integration encompasses all underwriting, sales and service functions that touch prospective customers, our policyholders, distribution and internal operations, as well as deepening our insights and evolving our products. In February of 2017, we named a chief digital officer to lead an organization that works with our business leaders in all areas that produce and support Chubb's business. While the digital transformation of our company won't occur overnight, we have initiatives underway in varying

Geographic Sources of Premium

2016 Net Premiums Written*

*Inclusive of the first 14 days of January prior to the acquisition close



degrees in just about every division spanning consumer, small commercial, middle market and large commercial P&C, focused on enhancing the customer experience and touching underwriting, sales, service and distribution, both direct-to-consumer and through distribution partners.

P&C market conditions

Industry market conditions continued to grow more competitive during the year for commercial P&C insurance globally, although they varied depending on the territory, line of business and size of risk. Today, rates are flat or declining, except in a few stressed classes, with terms and conditions softening in many markets. Claims inflation has been lower than historical averages in recent years but is hardly nonexistent and so loss ratios are under pressure. As I mentioned earlier, natural catastrophe losses were up last year, but not enough to impact the supply of industry capital. Insurance and reinsurance capital continues to expand from retained earnings and new sources, both strategic such as Asian investors as well as short-term investors simply seeking returns. They are for the most part passive investors, entering the business at a difficult time. P&C insurance is a business that in my judgment requires hands-on management. Passive or remote investors who buy P&C companies and allow owner management to cash out while still expecting them to run their companies are creating a misalignment of interests and will be disappointed.

Relatively slow economic growth globally in 2016 translated to relatively slow industry growth because insurance exposures are a derivative of economic growth. So supply, or capital, is out of balance with demand – it's the fundamental economic equation that applies to any industry. We have a soft and softening market producing headwinds that will likely be with us for a number of years – I see no sign of real abatement. In addition, in many lines, any one market leader or small group does not have the power to put an end to price reduction, particularly in reinsurance, because the market is more fragmented than in the past and capacity is globalized. Soft market pressures are beginning to show through in the operating results of many companies. Industry reserves overall appear adequate but vary by company. The ability for prior period reserves to subsidize companies' current year results is diminishing as reserve adequacy weakens. Current accident year combined ratios are rising, and in retrospect may prove simply adequate for some and I suspect inadequate for others when results mature in a few years.

Rates for many short-tail lines and physical risks, including property, marine, energy and aviation, are too cheap and unsustainable while casualty pricing is not keeping pace with loss costs, so underwriting margins are under pressure. Add to that declining investment income from the impact of low interest rates. As I observed last year, there's no place for many insurers to hide when it comes to earning power, with some gambling that they will make money as long as they have a below-normal level of CAT losses or no outsized individual claims – not a brilliant strategy. There's also a new crop of CEOs who want to make a mark

"We are a company run by underwriters who embrace the digital age and what it has to offer. To that end, we are making substantial investments to upgrade our technology."

and are itching to grow, and there's some medium and smaller companies that simply have nowhere to go – they are like being in the desert with your canteen running out of water. Where there's stress there's opportunity, and so more capital is attracted to new and existing run-off companies that specialize in buying legacy liabilities of life and non-life insurance companies. Solvency II and other regulatory changes, low interest rates and difficult market conditions that generate trash from poor underwriting are creating opportunity for those run-off company investors who manage run-off liabilities well, which is a skill, and seek assets for investment. When an insurer sells troubled reserve liabilities to a run-off specialist, it isn't often a good day for policyholders. Run-off specialists are in the business of settling outstanding claims for cents on the dollar and doing so slowly while they sit on the cash and earn investment income. I expect more of this activity in the years ahead.

By the way, another sign of a soft insurance market is the abusive behavior on the part of some brokers who enrich themselves at the expense of both their customers and underwriters. Cloaked in the mantra of "customer best interest" or "treating customers fairly," they seek the cheapest price and broadest coverage at commission terms that by any measure are excessive. Forcing underwriters to succumb to the lowest common denominator is hardly in the customer's, or industry's, best interest. These predatory behaviors, which have shown up around the world, and in London in particular, are simply unsustainable from an underwriting perspective and will come back to haunt these brokers: there will be customer and regulator backlash, or worse. Remember, distribution can be disintermediated.

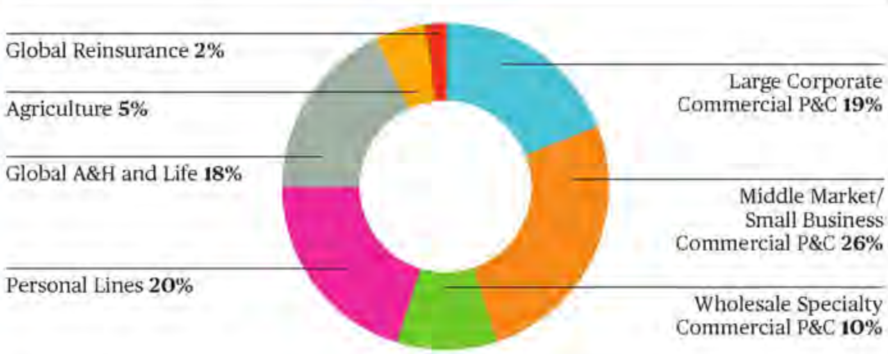
Domestic economic changes afoot in the U.S.

Turning to the world at large and beginning with the domestic front in the United States, the power and influence of our country depends first on our own economic health. As noted earlier, I am cautiously optimistic. I endorse many of the new administration's ideas, particularly around deregulation for business, tax reform, and infrastructure and military spending. I am encouraged that the focus is on growth through fiscal rather than monetary policies that have run their course. These pro-growth policies will be good for the country if implemented in a way that does not cause budget deficits to rise over any period of time – they could unleash a period of renewed growth, vitality and strength for our nation. I am concerned that there is no talk about entitlement reform, other than what may or may not happen with the Affordable Care Act, because entitlement spending is a growing and out-of-control threat to our nation's fiscal health. We must come to grips with and address it. We constantly consider where to find funds for important priorities such as infrastructure, education and the military. Yet, entitlements and debt service absorb about 70% of our budget and are expected to grow. In my judgment, we need to look to '18 and beyond before we see economic tailwinds, other than those produced by so-called animal spirits, given bills need to be designed, debated, passed by Congress and implemented.

Premium Distribution by Product

2016 Net Premiums Written*

*Inclusive of the first 14 days of January prior to the acquisition close



Accelerated growth will help ameliorate, but not resolve, underlying social challenges, including ensuring that a broader group of people can participate in our nation's domestic economic health. A significant portion of the population today rightfully believes they suffer from economic inequality and that the system is rigged to benefit a few, i.e., inequality of opportunity. People are suffering – they feel vulnerable and find it impossible to sustain their quality of life on current middle-income wages and therefore fear their children won't be as well off as they are. However, the root of the issue goes well beyond slow growth and, as a society, we are just beginning the dialogue on the causes, including advancements in technology, education and the impact of globalization.

Many also feel a loss of national identity, accelerated by the advancements in technology in terms of communications, media and travel. No longer having confidence in their public or private institutions to solve perennial problems, voters are receptive to populist rhetoric as they search for simple explanations for the cause of their suffering and immediate solutions to their problems. Their discontent is more attributable to the global financial crisis and technological disruptions that are replacing jobs than immigration, or trade and globalization. This issue is not going away – technology will continue to replace more jobs. Bring more manufacturing back to America, sure, but it will be substantially jobless. At the same time, we have not done enough to support those impacted.

Again, the domestic economic changes afoot in the U.S., if implemented, will have a substantial and positive impact, with the increased savings and investment generating many new jobs that would help ameliorate unemployment, underemployment and the lack of middle-income growth. On the other hand, the potential changes around our country's approach to trade and security and the vision of our role in the world is worrisome, and they are beginning to cause a reaction around the globe that in my judgment is not in our country's best interest.

America should continue to lead

At the end of World War II, the U.S. put in place the liberal world order built around our vision and a system of alliances and multilateral institutions that for decades promoted democracy and the rule of law, facilitated more open rules-based trade and investment, and provided stability through global security. It's a system built on the simple notion that democracies don't go to war against each other. As a result of that system, the world has been hard-wired to advantage America, including American multinational companies, which have enjoyed a wind at their back – the strength of America and a desire to associate with our country – for the last 50 years. Lately, we have been talking an awful lot about the price we've paid as a society for this system, but the advantages we have gained are enormous. On one level, economically, the advantages represent perhaps as much as 15% of our annual GDP, but the benefits go far beyond that. As a multinational, Chubb, too, has benefited from the liberal world order as we have built and expanded our operations in all corners of the world to capitalize on the opportunities

"The domestic economic changes afoot in the U.S., if implemented, will have a substantial and positive impact, with the increased savings and investment generating many new jobs that would help ameliorate unemployment, underemployment and the lack of middle-income growth."

of doing business internationally, including the acceleration of economic development in faster-growing emerging economies as a result of globalization.

Today, we may be at a crossroads. While premature to call it, we have to have our eyes open to the fact that we could be witnessing the initial stages of the unraveling of the democratic liberal world order we have known all our lives, and that would spell trouble for our country. We should not take the world we grew up with for granted. America should continue to set the tone and pace – we are the leaders of the free world and it relies on our dependability. Without U.S. leadership, the system lacks confidence and our allies and others seek alternatives. If we don't defend this world order, and if we allow our current populism to turn into protectionism and simply follow a narrow view of an America First policy, other countries will naturally follow suit with their own brand of nationalism in order to protect themselves.

Take Mexico as an example. We share a 2,000-mile border with our neighbor to the south with a relationship that likely impacts the daily lives of more Americans than that of any other country. For many, many decades, Mexico was a nationalistic, closed country, hostile toward America. That was not to our advantage. Through our country's strategic efforts over the course of six different presidents, and substantially aided by NAFTA, Mexico today is democratic, growing, with a developing middle class and a pro-trade and pro-America orientation.

While time and circumstances have evolved since the passing of NAFTA in 1993, and the agreement is far from perfect and could stand updating, there's no doubt that the U.S. has benefited enormously in the past 23 years. U.S. jobs linked to trade with Mexico have grown from 700,000 to about 5 million and the value of our two-way trade has grown sixfold to the point that Mexico today is the second largest market for U.S. exports – larger than our exports to China, Japan and Germany combined. Just in energy alone, the U.S. exports more natural gas and gasoline to Mexico than to any other country.

Countries are not companies. We should treat them with dignity and respect – they are sovereign nations and have their own domestic politics to which their leaders must respond. Nationalism and protectionism are natural reactions of most countries when they feel threatened. A stable, growing, prosperous and open Mexico, friendly to the U.S., is in our national interest. In fact, strengthening U.S. economic integration with both Mexico and Canada through an updated NAFTA agreement would increase our nation's vitality and competitive profile. Stability, peace and prosperity on our borders are a distinct advantage for our country.

Turning to Europe, the U.S. has a leadership role to play in support of the European Union and our common security alliance, NATO. Populism and nationalism are growing in Europe and the E.U. faces an uncertain and challenging period beginning with Brexit. Without the E.U., European integration comes apart, and that's a threat to Western democracy. Europe has been peaceful for 70 years and we take that for granted. A weakened NATO invites adventurism from Russia, which poses a threat to E.U. stability and Western democracy. While we have common interests, particularly around terrorism and the Middle East, and we can and should work together, Russia is not our friend and no one should misunderstand them. Russia and Putin want to reassert their influence – they do not respect nation-state borders, physical or cyber, and they have a desire to undermine democratic states. Europe should shoulder its share of common defense, but we should lead the alliance and be clearer in the signals we send Russia lest they misjudge.

The Asia Pacific region is home to more than half the world's trillion-dollar economies. Asia Pacific's development since World War II was due in no small part to the regional security provided by the U.S. and our vision of rules-based and more open trade and investment. Countries in the region want and expect continued leadership and engagement from the U.S. We are a Pacific nation and have a deep and compelling interest in Asia's continuing prosperity and stability; no region of the world will have a greater impact on our future. For future decades, Asia is where the greatest wealth creation will take place. The ability of the U.S. to create good jobs and compete globally will be inexorably tied to our active participation in trade and investment in Asia. That is why I supported and continue to support the Trans-Pacific Partnership (TPP) agreement, an economically and geopolitically important 12-nation agreement that would, among other benefits, expand access to Asia's fast-growing markets for U.S. goods and services. Fix it, make necessary changes, call it something else if you must, but do not kill TPP – to do so gives momentum to agreements in the region that exclude the U.S., strengthen China's hand and

undermine our allies and others in the region who conclude that the U.S. is simply unreliable. Our country's image and reputation are at stake – we have a responsibility to lead the world, including the Asia region, in a modern vision of fair and open trade. It is in our national interest, and if we don't lead, we cede the ground to China, which, by virtue of its size and location, most certainly will – with a vision different from our own.

The U.S. and China have the most important bilateral relationship in the world. A single principle has guided U.S. presidents and U.S. policy on China for the last 40 years: as China develops and prospers, and as its people rise into the middle class and become wealthier, the country will naturally evolve toward a more liberal society. That principle may no longer be inviolate and its replacement has not been defined. As the U.S. helped China develop, the U.S. clearly benefited – our cost of living came down and we gained access to a market of over 1 billion people that began to develop and become more open and in need of our goods and services. We have many interests in common, including combatting terrorism, global warming and energy security, to name a few, as well as mutual dependencies. But our national interests also diverge in important ways. China is the second largest economy in the world – and will eventually be the largest by virtue of its population – and its protectionist and mercantilist tendencies are a source of deep tension.

Simplistically speaking, there are two Chinas – really more. The first is an authoritarian, party-driven state and economy, dominated by state-owned enterprises and protected national champions. The other is the relatively smaller private sector, which is growing rapidly, driven by technology, innovation and consumerism. In both cases, China is a country with nationalistic business practices, reinforced by a discriminatory regulatory environment, that to a large degree favor Chinese-first solutions over foreigners. The future will require a more balanced U.S.-China relationship, one that recognizes each other's interests and intentions and seeks common ground. Where we are not aligned, we must defend our national interests. Trade and investment opportunity must be fair and reciprocal: the Chinese should be welcome to invest and do business in our country but we must be granted equal access and opportunity to theirs.

Tax reform and deregulation

I mentioned earlier that I am supportive of comprehensive tax reform here in the U.S. Tax reform is necessary – it's important to our country's economic growth and competitive profile. In my judgment, the growth rate of the U.S. economy would improve considerably with tax reform and deregulation; those actions would stimulate savings and investment, which as I said earlier would create jobs, and the overall economic growth would benefit the insurance industry. What the House has put on the table includes a concept called border adjustment, an approach that taxes imports and tax-advantages exports. The border adjustment tax has divided the business community and produced negative reactions from our trading partners. Whether border adjustment in its current form remains is uncertain, and how it will be interpreted for financial services is unclear, but it shouldn't apply to insurance, especially reinsurance.

"America should continue to set the tone and pace – we are the leaders of the free world and it relies on our dependability. Without U.S. leadership, the system lacks confidence and our allies and others seek alternatives."

I would expect that reinsurance will be treated in a reasonable way in tax policy because it's in our national interest. We're taking advantage of the world's balance sheet and spreading risk beyond our borders, and that has benefited corporate and consumer America greatly over the years. For reinsurance, when framed in terms of border adjustment, the question is simple: "Is it an export of risk or an import of capital?" Reinsurance is clearly an export of risk. You're actually transferring the risk to another company's balance sheet, and you don't know the profit and loss until that risk has ultimately expired. It is hardly an importing of capital – the capital remains where it is while it's the risk that moves. When you buy homeowner's coverage, do you import an insurance company's capital or send them the risk?

Aside from border adjustment and reinsurance, the Neal bill, a protectionist measure that taxes foreign affiliate reinsurance used to efficiently manage risk and capital no differently than the way domestic insurers manage their balance sheets, is still under consideration. It's an idea supported by only a few self-interested parties and one we strongly oppose, and you should, too. If passed, it would raise the cost of insurance.

Lastly, I believe when it comes to cross-border insurance-related regulatory matters, global events have pushed these to the back burner and you won't see much action in the near term. For example, the International Association of Insurance Supervisors' capital and regulatory work, intended to promote Europe's Solvency II approach and a uniform regulatory and capital standard globally, i.e., one size fits all, in my judgment, is wrongheaded and likely won't progress much at this time. Mutual recognition between the E.U. and the U.S. of each other's insurance regulatory systems, however, remains an important subject and would benefit U.S. and European insurers. Toward that end, a so-called "covered agreement" was negotiated by Treasury and E.U. regulators and announced in January 2017. The agreement recognizes the soundness of the U.S. state-based insurance regulatory system and allows U.S.-supervised insurers to compete in Europe on the same basis as European insurers. In addition, the U.S. recognizes the soundness of the E.U. regulatory environment and agrees to allow E.U. reinsurers to operate under the same conditions as U.S. companies. We applaud the spirit and intent of this agreement, which is a de facto acknowledgment by the European regulatory community that there is indeed more than one way to regulate the insurance industry. We endorse the principles of the agreement and encourage the U.S. insurance regulatory community, including the National Association of Insurance Commissioners and the Federal Insurance Office, to unite in support of bringing this to a swift conclusion.

Upholding the promises we make

In a world of uncertainty, it's more important than ever to know where we stand and what we are certain about. We have a clear strategy that capitalizes on opportunity and ensures our company remains vital and relevant long into the future. It's about execution, and that's in our hands. It's also about our distinguishing brand and identity and the promises we make to our customers and business partners to conceive, craft and deliver the insurance coverage and service they deserve and to do so in a distinctive way. We set the standard.

I have much to be grateful for this year. So many of my colleagues have done an extraordinary job bringing the two companies together – they've really done two jobs to be more accurate – and I want to thank them publicly for how well they have done both. I also want to express my deepest gratitude to my senior management team and Board of Directors. They represent the best of both organizations and without whose support our strong financial performance, integration accomplishments and strategic advancements last year would not have been possible.

It's a big world out there, and despite the many external challenges, Chubb is a company on the ascent with a bright future ahead of it. We have produced sustained and strong financial performance and, in turn, a track record of superior long-term shareholder returns that we fully intend to continue. We have everything we need to continue outperforming. We're optimistic about our potential and confident in our ability to create lasting value for our customers, distribution partners, shareholders and ourselves. Thank you for believing in us.

Sincerely,

Evan Greenberg

Evan G. Greenberg
Chairman and Chief Executive Officer

A Global Leader in Property and Casualty Insurance

A local presence in 54 countries around the world

Chubb has operations in the countries and territories listed here and can help clients manage their risks anywhere in the world.

Argentina
Australia
Austria
Bahrain
Belgium
Bermuda
Brazil
Canada
Chile
China
Colombia
Czech Republic
Denmark
Ecuador
Egypt
Finland
France
Germany
Gibraltar
Hong Kong
Hungary
Indonesia
Ireland
Italy
Japan
Korea
Macao
Malaysia
Mexico
Netherlands
New Zealand
Norway
Pakistan
Panama
Peru
Philippines
Poland
Portugal
Puerto Rico
Russia
Saudi Arabia
Singapore
South Africa
Spain
Sweden
Switzerland
Taiwan
Thailand
Tunisia
Turkey
United Arab Emirates
United Kingdom
United States
Vietnam

Key Financial Results

Dollars in millions

North America Commercial P&C Insurance

2016	
Gross Premiums Written	$14,986
Net Premiums Written	$11,740
Combined Ratio	86.7%
Segment Income	$3,492

North America Personal P&C Insurance

2016	
Gross Premiums Written	$4,894
Net Premiums Written	$4,153
Combined Ratio	90.0%
Segment Income	$614

North America Agriculture Insurance

2016	
Gross Premiums Written	$2,187
Net Premiums Written	$1,328
Combined Ratio	74.1%
Segment Income	$331

"The marketplace reception to the combined organization has been overwhelmingly positive. Clients and distribution partners are recognizing the quality of this organization and our commitment to provide a steady and stable market."

- John Keogh

Chubb's insurance businesses in North America serve clients ranging from the largest multinationals, mid-size companies and small businesses to high net worth individuals, middle-income consumers and the agriculture community.

North America Commercial P&C Insurance

Chubb is the largest commercial lines insurer in the U.S., offering a full range of traditional and specialty products for businesses of all sizes. For Chubb's commercial P&C businesses, 2016 was a year of substantial operating progress, underwriting discipline, innovation, new products and newly launched growth initiatives. For clients and distribution partners doing business with Chubb, there was also a strong measure of continuity, in terms of claims and risk engineering services, risk appetite and people. Chubb stayed on its front foot, bringing energy and creativity to the marketplace.

The year brought the challenge of a market that became more competitive as 2016 progressed, particularly for new business. Gross premiums written were $15.0 billion, up 77.3% from prior year. Results reflect a strong premium renewal retention rate of nearly 90%.

"Looking at Chubb today, the breadth of our capabilities in commercial P&C insurance is simply staggering," said John Keogh, Executive Vice Chairman, Chubb Group and Chief Operating Officer. "The marketplace reception to the combined organization has been overwhelmingly positive. Clients and distribution partners are recognizing the quality of this organization and our commitment to provide a steady and stable market. In times of uncertainty, this ongoing commitment provides a foundation of trust."

A key theme in 2016 was harnessing the strengths of the combined organization – products, industry segments, customer expertise, distribution, claims and risk engineering – to serve commercial customers in each of the region's business units.

"Our distribution partners are benefiting from our complete product offering in North America, with both traditional package business and specialty products, and we're bringing a broader risk appetite with a spirit of innovation and growth," said John Lupica, Vice Chairman, Chubb Group and President of North America Major Accounts and Specialty Insurance. "Our extensive field operation, with 48 branches across the U.S. and Canada, gives us proximity to clients and to the agents and brokers who are the trusted advisors of our clients. Through our branch offices, we can be close to decision makers, forge relationships with them, better understand their needs, and be there for them when they need us."

Chubb's North America Insurance Business Units

Major Accounts	Commercial P&C insurance products for the large corporate market sold by retail brokers
Commercial Insurance	Commercial P&C insurance products for middle market companies sold by independent agents and retail brokers
Small Commercial	P&C insurance products for small commercial clients sold by independent agents and retail brokers
Personal Risk Services	Personal lines coverage, including home, auto, valuables, umbrella and recreational marine insurance, for high net worth individuals and families sold by independent agents and brokers
Westchester	Commercial P&C excess and surplus lines sold through wholesale brokers
Chubb Bermuda	Liability, property, political risk coverages and captive programs sold by large international brokers
Agriculture	Crop insurance from Rain and Hail and farm and other P&C coverages, sold by agents and brokers
Combined Insurance	Personal accident and supplemental health insurance coverages sold by captive agents

In 2016, Chubb took steps to further strengthen the company's claims and risk engineering capabilities. "For our clients, the Chubb value proposition encompasses claims service and risk engineering capabilities that are unmatched in the industry," said Paul Krump, Executive Vice President, Chubb Group and President of North America Commercial and Personal Insurance. "During the year, we increased the size of our dedicated catastrophe team and expanded our bench of claims business consultants. Our new online Risk Engineering Resource Center, which is a vast library of risk management information available to business clients and appointed agents and brokers, is another way we help insureds mitigate and minimize risks."

Both **Major Accounts** and Commercial Insurance focused on bringing together the extensive traditional and specialty product portfolios of the two companies. Leveraging the deep industry experience of Chubb's middle-market commercial P&C business, Major and Commercial Accounts launched eight growth initiatives. Three focused on industry practices – construction, healthcare and real estate – and the others on product lines: environmental, professional liability, cyber, transactional risk and private equity. Clients in each of these areas now have enhanced capabilities and support from dedicated teams of

"Our distribution partners are benefiting from our complete product offering in North America, with both traditional package business and specialty products, and we're bringing a broader risk appetite with a spirit of innovation and growth."

– John Lupica

underwriters, risk engineers and claims professionals with exceptional industry knowledge and technical skill.

To meet the P&C insurance needs of the largest corporations in North America, Major Accounts continues to support and invest in its infrastructure, which few, if any, insurers can match. "Our large corporate customers require capabilities that are broad and deep," said Mr. Lupica. "They need the infrastructure that Chubb is able to provide – underwriting, claims, loss control, fronting, audit, program oversight and, for companies with international operations, globally coordinated programs that address complex, interconnected risks."

In 2016, Chubb's investments in Worldview®, the proprietary risk management portal that gives risk managers and brokers access to real-time core functions of their insurance programs around the globe, resulted in the introduction of new features. A long-term commitment to building capabilities in global casualty contributed to a year of strong growth for that business. Chubb's years of investment and innovation in its core domestic and global casualty platform enabled the business to grow market share as clients looked for stability, consistency and truly global services.

In the excess and surplus lines market, Chubb returned **Westchester** to its core wholesale-only distribution model. This business specializes in hard-to-place casualty, property catastrophe and specialty lines. For retail brokers that do not have the capability or expertise for E&S products, Westchester is an important channel to access Chubb. In 2016, Westchester broadened its product set to reach new micro businesses, including restaurants, retail businesses, fitness centers and caterers, using the Westchester Solutions Fast Track℠ online underwriting platform, which provides cost-effective underwriting for a class of smaller businesses. In 2016, **Chubb Bermuda** remained focused on its core excess businesses, including property, excess casualty and financial lines as well as our primary political risk business. The Bermuda operation remained relevant on a global scale delivering Chubb's high severity/low frequency business model to clients and brokers around the world.

Chubb's largest commercial P&C business unit, **Commercial Insurance,** is distinguished by its 22 industry practices, each staffed by a team of experienced underwriting, claims and risk engineering professionals who understand the particular risks of that industry.

"In the middle market, Chubb today is more relevant to our agents and brokers than we have ever been before," said Mr. Krump. "Our agents are appreciating that Chubb is the answer to more of their questions.

In 2016, we continued to broaden our product offering, even in areas where we were already recognized as a strong player. Having such a broad portfolio and extensive geographic footprint in North America gives us more profitable top-line opportunities. That's important in the current P&C market where pricing is softening, as not all top-line growth is equal – far from it."

Bringing middle-market businesses and distribution partners the full set of Chubb's products and services offers benefits to Chubb, too. "When we write more business with a client, we become more relevant – and retention improves," noted Mr. Krump.

Chubb is also focusing its capabilities on serving smaller businesses, which represent a significant long-term growth opportunity for the company. **Small Commercial** delivers packaged insurance programs for smaller businesses through Chubb's extensive network of independent agents and brokers, including specialty coverages for management and professional liability and standard insurance coverages for businesses with annual revenues up to $10 million. A key 2016 initiative was the nationwide rollout of a new business owner's policy, or BOP, which incorporates broad protection for property and liability exposures, supporting umbrella liability coverage, and the option to add workers' compensation, commercial auto, and management and professional liability insurance protection.

The strength of the combined organization is evident in Chubb's accident and health business in North America, where the company has long been a leader in group coverage such as travel insurance for corporations and universities, as well as employee benefits. Chubb's extensive field operation and network of independent agents and brokers create new opportunities to bring A&H products to middle-market and small businesses.

"In the large corporate, middle and small commercial markets, we are focused on producers we didn't have access to before. We are bringing our expanded capabilities in product and service," said Ed Clancy, Executive Vice President, Chubb Group, Global Accident & Health and Life. "It's important to note that for our A&H producers and customers, service isn't only about superior claims handling. It also means being able to issue quotes and policies faster. We're doing that too."

North America Agriculture Insurance

Chubb, through its Rain and Hail subsidiary, is the leading crop insurer in North America, insuring more than 100 different crops and 2.4 million farm fields comprising 70 million acres. In 2016, the growing season was excellent and commodity prices were balanced, contributing to strong underwriting results in the North America agriculture segment, which includes Rain and Hail as well as farm, ranch and P&C commercial agriculture coverages. Gross premiums written were $2.2 billion, down less than 1% from 2015.

Crop insurance is a public-private partnership where premiums fluctuate based on commodity prices and how revenue and losses are shared with the government. Chubb distinguishes itself in the multi-peril crop insurance market through its national footprint, track record of delivering superior service and demonstrated commitment to the market. "We are proud to be in this business, which plays a critical role in managing risk in a segment of the economy that has profound social value," said Mr. Lupica. "In 2016, we increased our policy count. We attribute that to our strong brand, deep distribution, consistency in delivery, service capabilities, including our claims paying network, and our technology. The knowledge of our experienced team and the depth of our data deliver significant advantages."

Chubb's agriculture P&C business also stands out in the marketplace, serving the large commercial agriculture space, such as manufacturers, processors and distributors, as well as farmers and

"Chubb's product breadth, level of service and risk appetite are resonating in the marketplace. We are now focused on bringing our capabilities to high net worth individuals who are currently underserved by mass-market insurance carriers"

– Paul Krump

ranchers. In 2016, the company began to introduce its farm P&C coverages to high net worth customers of Chubb Personal Risk Services who own ranches and farms.

North America Personal P&C Insurance

Chubb is the leader in U.S. high net worth personal lines. **Chubb Personal Risk Services** shares many of the strengths of the company's North American commercial P&C insurance businesses, including a broad product offering, superior claims and risk consulting services, and access to Chubb's branch network in the U.S. and Canada. Clients of Chubb Personal Risk Services also benefit from the company's global presence, which offers protection for their assets around the world.

Gross premiums written for the North America Personal P&C Insurance segment were $4.9 billion for the year, up 192.5% from 2015.

"We accomplished a great deal in our Personal Risk Services business in 2016," said Mr. Krump. "We made incredible progress integrating the operations of the Chubb, ACE and Fireman's Fund high net worth businesses, as well as introduced new products and services that leverage the capabilities of the combined company."

The focus of the business was on the client at all times. Notably, customer retention rates for the Chubb and ACE portfolios were approximately 94%.

For example, Chubb introduced wildfire defense services into new areas, expanded recreational marine and aviation coverages, and offered other products to ensure global customers have equivalent coverage for their properties, wherever they are located. The company also extended its online claims reporting capabilities to a larger base of distribution partners.

Chubb Personal Risk Services has made progress further enhancing the industry-leading claims and risk consulting services that have long defined the brand. The company invested in a dedicated team that can be deployed during catastrophes, accelerating the response for customers when they need it most. Chubb's claims business consultant team was expanded, giving more high net worth customers a single point of contact to address and resolve their claims. In addition, Chubb expanded its claims service centers, which combine superior customer service and technical expertise to quickly and accurately resolve claims and customer inquiries. The centers, working in conjunction with the company's extensive network of field claims personnel, are the backbone of Chubb's exceptional claim responsiveness. Having claims professionals operating in service centers is not only efficient, it's also the optimal environment for team training and support.

Chubb recognizes that one of the most critical ways it can serve clients is to improve its ability to predict and prevent losses, instead of repairing and replacing post-loss. For example, in 2016 Chubb expanded its water damage defense services to help homeowners protect their property against water leaks. All Chubb homeowners insurance customers in the United States now receive a substantial discount for a state-of-the-art leak defense system, which contains a water flow sensor and shut-off valve that will stop the flow of water once a leak is detected. Customers who purchase the system may also be eligible to receive a premium discount on their annual homeowners insurance policy.

Chubb is actively exploring more ways to efficiently and effectively deliver its A&H product capabilities to Chubb's discerning high net worth clients. One example is a travel insurance policy introduced in 2016 for frequent travelers. Passport 360℠ provides coverage for emergency medical and political evacuation, payments to medical providers for covered emergency care, replacement of clothes and other essential items due to lost or delayed baggage, and accidental death and dismemberment.

"Chubb's product breadth, level of service and risk appetite are resonating in the marketplace" said Mr. Krump. "We are now focused on bringing our capabilities to high net worth individuals who are currently underserved by mass-market insurance carriers."

Combined Insurance

Combined Insurance produced improved results in 2016, including a 4.5% increase in gross premiums written on a constant-dollar basis in North America, with Canada a strong contributor. The business's financial results are included in the company's Life Insurance segment.

An important 2016 initiative was the expansion of Combined's voluntary workplace benefits business with a dedicated broker-focused channel. Now branded Chubb Workplace Benefits, the business unit brings together Combined's workplace benefits products with Chubb's substantial relationships with leading national and regional insurance brokerage firms. Chubb Workplace Benefits serves large and middle-market companies by partnering with benefit brokers, agents and consultants, offering a line of supplemental insurance products, including accident, critical illness, hospital indemnity, life and disability income.

"We continue to invest in the voluntary benefits space, which is one of the fastest areas of growth in the benefit broker channel," said Mr. Clancy. "Now that we can leverage Chubb's strong reputation in the independent agency community and our extensive national branch office infrastructure, we have an even broader platform for growth available to us."

Another key Combined Insurance growth initiative focuses on Latinos, a large, growing and underserved market segment for affordable accident and supplemental health insurance products. Since the initiative was launched in 2014, Latinos have grown to represent 16% of new sales. To support the initiative, Combined is actively recruiting Spanish-speaking agents and managers.

Combined Insurance was again ranked as a Top 10 Military Friendly® Employer for 2017 by *G.I. Jobs* magazine. This marked the fifth consecutive year that Combined Insurance made the top 10 employer list and third consecutive year in the top five – the company was previously named the Number One Military Friendly® Employer in the nation in 2015 and 2016. Additionally, *U.S. Veterans Magazine* selected Combined Insurance for its 2016 Best of the Best list of Top Veteran-Friendly Employers. This marked the third consecutive year that *U.S. Veterans Magazine* has recognized Combined Insurance on its Best of the Best list.

"Our progress in North America in 2016 across all of our commercial and consumer lines businesses is emblematic of our operational focus to invest in making us more efficient and further enhancing the quality of service we deliver," said Mr. Keogh. "We aim to become even more relevant for our customers and distribution partners."

Key Financial Results

Dollars in millions

Overseas General Insurance

2016	
Gross Premiums Written	$9,935
Net Premiums Written	$8,124
Combined Ratio	88.5%
Segment Income	$1,497

"We know local markets, underwriting and operating environments, distribution and our customers. We have superior claims and risk engineering capabilities, as well as effective technology. We are a reliable partner working to earn the trust of our customers and distribution partners every day."

- Juan Andrade

Chubb's international general insurance operations comprise two businesses: one with distribution through retail brokers in five regions of the world, and the other an excess and surplus (E&S) lines business with distribution through brokers in the London wholesale market and Lloyd's.

For Chubb's international businesses, 2016 was a year of strong financial results and significant operational progress. Chubb maintained stability for clients and distribution partners as it executed a global integration program, exceeding all of the company's international merger-related goals. During the year the company began to leverage the capabilities of the combined organization and achieved early revenue synergies that point to the strength of today's Chubb across the world. New products were introduced and others expanded in commercial P&C, A&H and traditional and specialty personal lines.

With its overseas operations spanning 51 countries outside of North America, Chubb encountered the soft market conditions that characterized so many insurance markets during 2016. Weak commodity prices, along with a tightening of consumer credit around the world, influenced economic conditions in many markets where Chubb operates. Nevertheless, Chubb produced strong underwriting profits.

Overseas General Insurance produced gross premiums written of $9.9 billion, up 22.5% in constant dollars from prior year.

"Chubb today has extraordinary geographic reach," said Mr. Keogh. "Our international commercial P&C business meets the needs of commercial customers ranging from small businesses to the world's largest and most complex multinationals. The offerings of our personal lines business span the emerging middle class in developing nations to the specialized insurance needs of high net worth individuals in the U.K., Australia and other markets. Our A&H products offer affordable protection to millions of customers, employees and members of sponsor organizations that Chubb works with around the world."

"With more than 350 branches globally, Chubb is a local multinational company," said Juan C. Andrade, Executive Vice President, Chubb Group and President, Overseas General Insurance. "As global and experienced insurance professionals, we know local markets, underwriting and operating environments, distribution and our customers. We have superior claims and risk engineering capabilities, as well as effective technology. We are a reliable partner working to earn the trust of our customers and distribution partners every day."

Key 2016 initiatives involved driving distribution, technology and product innovation throughout the world, including taking commercial package programs and industry vertical capabilities from developed countries and exporting them to other markets where the company has significant

Chubb's Overseas General Insurance Business Units

International	Commercial P&C, A&H and traditional and specialty personal lines sold by retail brokers, agents and other channels in five regions:
Europe	Operations in the U.K. and 18 other countries comprised of P&C commercial lines and consumer lines, including A&H and specialty personal lines
Asia Pacific	Operations in 14 countries serving commercial customers and consumers with P&C, A&H and personal lines
Latin America	Operations in nine nations serving commercial customers with P&C products and consumers through A&H and personal lines
Far East	Operations in Japan serving commercial customers with P&C products and consumers through A&H and personal lines
Eurasia & Africa	Operations in nine countries serving commercial customers with P&C products and consumers through A&H and personal lines
Chubb Global Markets	Commercial P&C excess and surplus lines and A&H sold by wholesale brokers in the London market and through Lloyd's

distribution and scope for growth. Chubb is also making investments in its international business, including digital capabilities to reach customers through mobile channels and straight-through processing to streamline processes and enhance efficiency.

"We're making long-term investments in digital and agency distribution," said Mr. Andrade. "We are also investing in our people through training and development initiatives."

Europe is Chubb's second largest region behind North America, with $4.3 billion of gross premiums written, representing 12% of the company total. Market conditions were competitive across the region in 2016, particularly in the United Kingdom. Chubb maintained underwriting discipline across the region and, driven by innovation and product expansion, produced solid premium growth in continental Europe – the company's fastest-growing international region in 2016 – and modest growth in the U.K.

For small and middle-market businesses in the U.K., Chubb introduced MasterPackage℠, a comprehensive single property and liability package. Targeted for businesses with $2.5 million to $600 million in revenue, MasterPackage features a policy document that is easy for brokers to navigate as well as meaningful limits for today's complex risks such as data breaches and cyber attacks.

"Moving to more digital marketing is important to Chubb. We are developing and deploying technology to reach potential customers at the right time and through the right channel."

- Ed Clancy

Chubb maintained its leadership in meeting the complex risk management needs of large and multinational corporations around the world through its Global Accounts division, which focuses on the sophisticated product and service needs of multinational clients. In 2016, the company invested in its global capabilities to ensure that clients and brokers get the full benefit of Chubb's international underwriting and claims experience and multinational network and services.

In specialty personal lines, Chubb continued to build partnerships with mobile network operators to provide coverage for most consumer needs.

In 2016, Chubb's business in **Eurasia & Africa** produced meaningful growth in gross premiums written and solid underwriting results in a region facing challenging economic, geopolitical and market conditions. Initiatives focused on building out profitable product lines, enhancing the company's cost structure and improving operational efficiency.

Chubb's **Asia Pacific** region generated gross premiums written of $2.3 billion, representing 7% of the company total. In 2016, market conditions were generally more competitive in the developed markets of Australia and New Zealand than the developing economies of Southeast Asia.

In Australia, where both companies had sizable operations, substantial integration progress was made in 2016. Importantly, Chubb also began to focus on exporting its strengthened capabilities for mid-sized companies across the region. Another priority in Asia Pacific was building on the company's strengths in the large corporate market in a region with many large home-grown companies as well as the local operations of multinationals. Today, Chubb attracts some of the world's largest multinationals in rapidly developing segments, including technology, real estate and resources, across multiple countries throughout the region.

"The capabilities of the combined company helped us to penetrate deeper in the middle market, particularly in Korea, Hong Kong, Malaysia, and Indonesia," said Mr. Andrade. "We built out agency and branch distribution throughout Southeast Asia. We introduced new products in a number of commercial property and casualty categories. We also launched new products in accident and health in Korea, and grew our travel insurance business throughout the region. In personal lines, we expanded our residential portfolio in Australia and Thailand."

In Asia Pacific, as in Latin America, developing countries with a growing middle class represent a significant growth opportunity for the company's A&H business. Chubb has developed broad distribution capabilities to reach those customers, including direct marketing, bancassurance and mobilassurance. Chubb is investing to reach customers through innovative marketing while also enhancing service and improving efficiency.

"Moving to more digital marketing is important to Chubb," said Mr. Clancy. "We are developing and deploying technology to reach potential customers at the right time and through the right channel. To do this effectively, we also expect to adapt our products in new ways to better meet customer needs."

The largest economy in Asia, **China**, represents a significant long-term opportunity for Chubb. Today, the company operates a fully licensed, 100% Chubb-owned property and casualty insurance company offering substantial P&C and personal accident insurance coverage to local Chinese businesses, multinational companies with exposures in China, and individual customers. One notable 2016 initiative was forging a long-term preferred provider distribution agreement with Suning, one of the largest retailers and most recognized retail brands in China. Chubb and Suning are developing and marketing personal and commercial general insurance products to Suning's vast customer base through online and offline channels. Suning has 230 million registered e-commerce customers and 130 million registered members of Suning Yifubao, the company's online payment processing platform. The product focus includes A&H, travel, homeowners, personal device and package policies for small to medium-sized enterprises.

Chubb's **Latin America** region generated gross premiums written of $2.5 billion representing 7% of the company total. Despite difficult operating conditions, particularly in Brazil, the region produced very good profitability.

"As in other markets, a key focus in Latin America in 2016 was advancing our agency management strategies to further penetrate the middle market and the small commercial space throughout the region," said Mr. Andrade. "The performance of our business in Mexico stood out during the year. While Brazil presented challenges, we made significant progress integrating the business, shedding non-core lines, and navigating the political, economic and insurance environments in a way that enabled us to generate underwriting profit while maintaining a strong position in the market."

Like Asia, Latin America has a growing middle class, a vibrant small and middle-market business sector, and both large domestic and international businesses. Chubb continued to advance its product and service offerings that serve each customer segment, including both package and specialty products. For small to mid-sized businesses, Chubb expanded its environmental risk coverages in Mexico and Brazil, and introduced cyber risk coverage in Chile. A number of new commercial P&C coverages tailored for small businesses were introduced in Colombia, including products related to educational institutions, tourism, health, trade and real estate. The company also leveraged Chubb's industry sector experience in entertainment, expanding its capabilities in events cancellation and entertainment events liability.

In Mexico, Chubb's ABA Seguros subsidiary is one of the country's leading auto insurers, covering more than 1 million vehicles. In 2016, the business generated strong growth across all regions in Mexico and all product lines, including auto, property and casualty for small and middle-market businesses, and A&H.

In A&H insurance, Chubb expanded its group personal accident products across the region, enhancing existing programs and introducing new products for the corporate travel market, which are distributed through multiple channels.

For corporations with large risks, Chubb has both underwriting capacity and specialized products. As in other regions of the world, Chubb differentiates itself in Latin America with its risk engineering team, technical underwriting expertise, and customer service and support capabilities.

In surety, Chubb has the largest and most extensive network in Latin America, including leading market positions in Argentina, Brazil, Panama and Mexico. One of the ways Chubb distinguishes itself is through its advanced technology platform, which enables the company to deliver more efficient and faster service to agents and brokers.

"Chubb has a unique story in our industry today. We are a growth company that is better positioned today than ever. Chubb has extensive product capabilities and a reputation for quality and service excellence. We're investing in the company for the long term."

-John Keogh

"Latin America is a dynamic region and will be an important growth market for Chubb over the long term," said Mr. Andrade. "We will continue to build on our deep local presence across the region by leveraging our market knowledge, relationships and the capabilities of the entire Chubb organization."

Chubb's **Far East** region, which encompasses Japan, had an excellent year, generating solid premium growth in a flat economy. Agency distribution capabilities were enhanced and progress was achieved in each major product area: the region grew its commercial P&C business serving middle-market and small businesses and introduced new casualty and A&H products. In personal lines, the company maintained underwriting discipline in the competitive market for auto insurance.

Chubb Global Markets

Chubb Global Markets, the London market wholesale and specialty arm of Chubb, provides global access to specialist underwriters in aviation, energy, financial lines, marine, political risk and credit, property, and accident and health.

In 2016, the commercial P&C excess and surplus market in London was perhaps the most competitive insurance market in the world. Given the softness of the market, the business remained focused on disciplined underwriting and Chubb ranked in the top quartile for profitability at Lloyd's.

Growth initiatives focus on using the Chubb brand and tapping the specialist underwriting expertise in Chubb Global Markets by developing new distribution through the company's network, and through the development of digital platforms. During 2016, Chubb Global Markets also established a special risk unit that draws expertise from across the Chubb organization to create bespoke, innovative risk mitigation solutions for clients. While London is likely to remain competitive in the near term, it will continue to be an important market for Chubb.

"Chubb has a unique story in our industry today. We are a growth company that is better positioned today than ever," said Mr. Keogh. "Chubb has extensive product capabilities and a reputation for quality and service excellence. We're investing in the company for the long term. And our risk appetite as a company means that we can do more for our distribution partners and customers. By distinguishing Chubb in these ways, we are becoming even more relevant in this uncertain marketplace."

Key Financial Results

Dollars in millions

Life Insurance

2016	
Net Premiums Written and Deposits*	$3,135
Segment Income	$263

"Looking ahead to 2017, we are focused on providing innovative life insurance products and services for middle-class consumers in the developing countries where we operate, further building out our wealth management capabilities, expanding our distribution networks, and looking for new channels to gain market share in this digital era."

- Russell Bundschuh

Chubb Life is an international life insurer, focused on Asia, that provides protection and savings-oriented life insurance products to individuals and groups. Chubb Life serves the needs of consumers through a variety of distribution channels including captive agents, banks, retailers, brokers, independent agents, and direct marketing. Chubb Life operates in six Asian nations and, in China, is a joint venture partner in Huatai Life, a fast-growing life insurer with more than 330 office locations across the country.

In 2016, Chubb Life focused on growing sales and continuing to diversify its distribution channels, including expanding its captive agency force. Given the low interest rate environment, the product emphasis shifted toward protection-oriented offerings and away from savings products. For the year, the Life Insurance segment generated net premiums written and deposits of $3.1 billion, up 2.7% in constant dollars from prior year. Financial results of Chubb's Life segment also include the North American operations of Combined Insurance.

"In 2016, we continued to execute our strategy across the region," said Mr. Clancy. "The nations where we operate in Asia include emerging markets with a large and growing middle class that, as they accumulate wealth, recognizes the value of transferring the financial risk associated with death, illness and accidents. Our business in Asia also includes more developed markets that are home to many affluent individuals who use life insurance as a legacy planning and wealth management tool. We have the products, distribution, and service capabilities to meet the needs of both customer segments. In addition, the ability to leverage Chubb's infrastructure, capabilities and expertise are major competitive advantages that few other insurers can match."

In 2016, Chubb Life in Vietnam expanded its agency force to more than 20,000 dedicated agents. In Korea, the company launched an independent general agent network, which markets products from multiple insurers, to supplement the company's captive agency force. In Hong Kong and Taiwan, the company worked to build its wealth management business, opening a new offshore insurance unit in Taiwan to market to affluent offshore individuals and families. Chubb Life's business in Thailand achieved strong growth in its non-agency or partnership channel, which includes banks, such as Siam Commercial Bank, the nation's largest in terms of market capitalization and net profit.

Huatai Life also had an excellent year in 2016, expanding office locations and increasing the network of exclusive agents to more than 28,000. Chubb Life's joint-venture partner was also granted two new provincial licenses.

"Looking ahead to 2017, we are focused on providing innovative life insurance products and services for middle-class consumers in the developing countries where we operate, further building out our wealth management capabilities, expanding our distribution networks, and developing new channels in this digital era," said Russell G. Bundschuh, Senior Vice President, Chubb Group and President, Chubb Life. "Our network of 34,000 captive agents, along with the resources of Chubb, are powerful assets as we pursue the significant opportunities for our business in this region."

*Includes deposits collected on universal life and investment contracts. Consistent with GAAP, premiums collected on universal life and investment contracts are considered deposits and excluded from revenue.

Global Reinsurance

Key Financial Results

Dollars in millions

Global Reinsurance

2016	
Gross Premiums Written	$739
Net Premiums Written	$676
Combined Ratio	79.5%
Segment Income	$413

"In a market geared more toward buyers than providers, we shrank the top line while performing in the top quartile of reinsurers in profitability. At the same time, we have looked for ways to leverage the capabilities of the larger Chubb organization to differentiate Tempest Re in the marketplace."

- James Wixtead

Chubb's reinsurance business, which operates under the Chubb Tempest Re brand, offers a broad range of products to a diverse group of primary property and casualty insurers worldwide. Doing business globally with offices in Bermuda, Stamford, London, Zurich, Montreal and Shanghai, the business has deep underwriting, actuarial and claims expertise.

The operating environment for reinsurers, an industry with substantial excess capital, remained challenging in 2016, a year that also brought a number of significant natural catastrophes, including the New Zealand earthquake and the Fort McMurray wildfire in Canada. In the face of these challenges, Chubb Tempest Re demonstrated underwriting discipline, adhering to its bedrock commitment to forgo top-line growth for underwriting profit. For the year, the Global Reinsurance segment posted gross premiums written of $739 million, down 16.3% from prior year.

"In a market geared more toward buyers than providers, we shrank the top line while performing in the top quartile of reinsurers in profitability," said James Wixtead, Senior Vice President, Chubb Group, and President of Chubb Tempest Re Group. "While we have acted decisively to reduce exposures, we continued to support a broad group of clients and brokers with which we have had long-term relationships. At the same time, we have looked for ways to leverage the capabilities of the larger Chubb organization to differentiate Tempest Re in the marketplace."

Chubb Tempest Re is distinguishing itself by focusing more on monoline, specialty and regional companies where reinsurance is more of a strategic imperative. "With this category of insurer, we can offer tailored reinsurance products that will enhance client capital positions as well as grow their business. Additionally, we are looking for strategic partnerships where we can leverage the Chubb product capability and geographic scope to enable clients to expand their product offering," said Mr. Wixtead.